GAMBLING IN CANADA

Triumph, Tragedy, or Tradeoff?

THE ETHICS OF CHARITABLE GAMBLING: A SURVEY

by
Jason J. Azmier,
Director of Gambling Studies

and
Robert Roach,
Senior Policy Analyst

DECEMBER 2000

CANADA WEST FOUNDATION

ABOUT THE GAMBLING IN CANADA PROJECT

Gambling in Canada: Triumph, Tragedy or Tradeoff? is an ndependent national study of gambling in Canada. Funded by a number of philanthropic foundations including the Donner Canadian Foundation, the 3-year Gambling in Canada Project ends in September 2001. Emerging from public debates about the expansion of gambling, the project was designed to provide a much-needed comprehensive picture of the public policy issues surrounding gambling in Canada. Four overarching research areas are being explored:

(1) the impact of gambling on the non-profit sector;

(2) opinions, attitudes and public policy implications of gambling;

(3) the history and scope of gambling in Canada; and

(4) the socio-economic impact of gambling on communities.

The Canada West Foundation's Gambling in Canada Project is not supported by any government, the gambling industry, special interest groups, or individuals with known positions on gambling issues. The research objectives and output of the project is overseen by a Project Advisory Committee to ensure the accuracy and objectivity of the research undertaken.

Copies of the latest research are available by contacting the Canada West Foundation. For information on the current activities of the Gambling in Canada Project, please contact:

Jason J. Azmier,
Senior Policy Analyst
Canada West Foundation
P.O. Box 6572 Station D
Calgary, Alberta Canada
T2P 2E4

e-mail: azmier@cwf.ca
web site: www.cwf.ca
phone: (403) 264-9535 (ext. 22)
fax: (403) 269-4776

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The Ethics of Charitable Gambling:
A Survey

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Executive Summary

Background

For over 100 years, gambling revenues have been used to fund charitable activities in Canada. Organizations as diverse as marching bands, homeless shelters, hospitals, and high school gymnastic teams use gambling (e.g., bingos, raffles, and casino nights) as a fundraising method. In addition, some provinces maintain the traditional link between gambling and charity by using gambling revenues to pay for grants to charitable organizations. As governments have dramatically expanded the amount of legal gambling in Canada, continued access of charities to this lucrative funding source and the ethical issues raised by gambling have become matters of intense debate. The negative side-effects of gambling (addiction, family breakdown, and poverty) have led many to question whether or not charities and governments should be involved in its promotion. To learn more about how individuals within the charitable sector view this issue and to gather information about the use of gambling as a fundraising method, Canada West Foundation conducted a national survey of charities over the summer of 2000.

Key Findings

- About one third of respondents reported using charitable gambling to raise revenues between 1995 and 1999. When religious organizations are excluded, the usage rate rises to 48%.
- Six in ten organizations that reported using charitable gambling in 1999 identified it as their most or second most important revenue source.
- Ethical issues linked to the harmful effects of gambling are a fundamental issue for Canadian charities. When charities that do not engage in charitable gambling were asked why they do not use it, 63% said that ethical concerns were a factor. All respondents (both users and non-users) were asked if anyone in their organization has voiced ethical concerns about charitable gambling; 49% of users and 69% of non-users said yes.
- Well over half (58%) of respondents who used charitable gambling between 1995 and 1999 said they would prefer to use other methods but are unable to make up the shortfall by other means.
- There is more support among respondents for "softer" forms of gambling such as raffles and bingos than for "harder" forms such as slot machines and video lottery terminals.

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Implications for Policy Development

The high level of uneasiness expressed by survey respondents regarding the use of gambling money suggests charitable gambling policy in Canada is in need of reform. The report includes the following policy recommendations:

- If alternative sources of charitable funding are not developed, current levels of gambling funding for charities should be maintained to protect charities that have come to depend on gambling dollars as a revenue source.
- The current system punishes agencies that for ethical reasons do not want to take money generated by gambling. To rectify this, governments and private granting foundations should create alternative funding sources for ethical objectors.
- In many cases, the non-gambling funding charities receive is given to pay for specific services with little (if any) left over to cover the full cost of staff salaries, training, planning, and other forms of charitable "infrastructure." Because money raised through charitable gambling is not tied to specific programs, charities can use it to pay infrastructure costs. To reduce dependency on charitable gambling, governments and private granting foundations should make more non-gambling funding available to charities for infrastructure.
- Gambling revenues should be used to promote the diversification of funding sources within the charitable sector.
- Governments should increase the role played by charities in the gambling policy process.

Methodology

The Canada West Foundation gathered survey data during the summer of 2000. A questionnaire was mailed to a random sample of 4,000 registered charities. A total of 647 valid questionnaires were returned by the cut-off date of August 25, 2000. This yields a response rate of 16%. Although within the range of typical mail surveys, a response rate of 16% means that the results do not scientifically represent Canada's charitable sector as a whole. Nonetheless, the findings provide useful feedback from a diverse set of charitable organizations and are a first step toward a better understanding of the pros and cons of charitable gambling.

Authors

The Ethics of Charitable Gambling: A Survey was written by Jason J. Azmier, Canada West Foundation Director of Gambling Studies (azmier@cwf.ca) and Robert Roach, Canada West Foundation Senior Policy Analyst (roach@cwf.ca).

Copies of **The Ethics of Charitable Gambling: A Survey** can be downloaded for free from the Canada West Foundation web site (www.cwf.ca), or can be ordered for $3.00.
To order a copy, please contact:

Canada West Foundation
P.O. Box 6572, Station D • Calgary, Alberta, Canada • T2P 2E4
Ph: (403) 264-9535 • Fax: (403) 269-4776 • E-mail: cwf@cwf.ca

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Gambling in Canada Research Report No. 10

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P.O. BOX 6572 Station D
Calgary, AB CANADA T2P 2E4
ph: (403) 264-9535
fax: (403) 269-4776
e-mail: cwf@cwf.ca
web site: www.cwf.ca

Introduction

KEY TERMINOLOGY

Gambling and gaming both refer to "games of chance" for money, such as casino games, bingo, lotteries, etc. This study uses the more popularly understood term "gambling" except when referencing a law, department or program that specifically uses the term gaming.

Gambling grants are grants for non-profits that are derived from gambling revenues. The province runs the gambling venues, and uses a portion of the revenues to provide grants to non-profit organizations.

Charitable gambling refers to mostly charity-run games such as Nevada/pull-tickets, bingos, raffles and, in some provinces, casinos. Profits, after payout, expenses and licensing fees, are retained by charities.

For over 100 years, gambling revenues have been used to fund charitable activities in Canada. Organizations as diverse as marching bands, homeless shelters, hospitals and high school gymnastics teams use gambling (e.g., bingos, raffles and casino nights) as a fundraising method. In some provinces, charities and non-profits are also able to receive funding from "gaming grants" which are grants funded by the provincial government's gambling revenues. Research to date indicates that, for many non-profits, gambling dollars are important sources of revenue. A 1995 Canadian Centre for Philanthropy survey of charitable fundraising practices found that 44% of non-religious charities in Canada employ gambling as a fundraising method (Hall, 1996). A 1999 Canada West Foundation (CWF) survey of gambling grant recipients found that 69% considered gambling revenues very important to their organization's revenues (Berdahl, 1999).

Due to charitable gambling's importance as a funding source to non-profits and charities, the non-profit sector is often concerned about the expansion of government-run gambling. Provincial governments are the largest operators and beneficiaries of gambling in Canada, and revenue trends suggest that increased government involvement in gambling occurs at the expense of charitable involvement in gambling. Simply put, in recent years governments have been "crowding out" charitable gambling. At the same time, there is an emerging debate within the non-profit sector itself, with some sector representatives raising questions about the ethical and funding implications of charitable involvement in gambling.

In the summer of 2000, the Canada West Foundation conducted a national survey of Canadian charities to study both practices and attitudes towards gambling. Do the employees and volunteers of charitable organizations feel that gambling is an ethical method of generating revenue? Do they feel gambling causes social problems? What types of games do they consider acceptable? How do charities feel about increased government involvement in gambling? The survey findings provide answers to these and other questions. By doing so, the survey provides a useful starting point for a more informed debate about the advantages and disadvantages of using gambling revenues to fund charitable organizations.

The first half of this report provides an overview of charitable gambling in Canada and an analysis of its pros and cons as a fundraising method. The second half examines charitable gambling issues through the eyes of charitable organizations. The report concludes with a set of recommendations for improving charitable gambling policy in Canada.

Background

Gambling in Canada: A Brief History

When the first Criminal Code of Canada was enacted in 1892, it contained provisions that prohibited gaming-houses, lotteries, cheating at play, and gambling in public conveyances. Since that time, numerous modifications to the prohibition of gambling have resulted in the dramatic growth of gambling in Canada. There are now over 50 permanent casinos, 21,000 slot machines, 38,000 video lottery terminals, 20,000 annual bingo events, and 44 permanent horse race tracks in Canada (Azmier, 2000). Despite this growth, gambling remains an activity that is closely regulated by provincial governments who operate their own gambling venues and lotteries and enter into agreements with charities and First Nations groups who operate and profit from gambling.

Non-profits, charitable agencies, and charities. Although the exact number is not known, it is estimated that there are over 175,000 non-profit organizations in Canada. About 78,000 of these are registered with the federal government as "charities."

The maturing of the gambling industry in Canada occurred because of a number of regulatory changes to the Criminal Code. Beginning with a Criminal Code amendment in 1900 that legitimized small scale raffles to be held for charitable or religious ends (Campbell, 2000), charitable gambling (e.g., bingos, raffles, casinos) became increasingly permitted between 1900 and 1969. Over this period, charities and exhibition associations held exclusive jurisdiction over gambling in Canada. However, in 1969, the province of Quebec and City of Montreal responded to mounting financial pressures and introduced Canada's first lottery. Despite having been deemed illegal by the Supreme Court, the popularity of this lottery showed that the level of public acceptance of gambling was changing. Later that year, an omnibus bill was passed in the House of Commons legalizing government-run lotteries. The 1969 amendment began an era of expansion that allowed for wide-scale entrance into the gambling field by provincial and federal governments, and gambling expansion by charitable organizations and exhibition associations (the latter two now requiring a provincial license).

All provincial governments eventually responded to this new legislation by establishing provincially-run ticket lotteries and sweepstakes. These new games proved popular among consumers and the provinces soon found themselves in receipt of large annual revenues from lotteries. By 1985, the provinces had successfully lobbied the federal government to ensure a provincial monopoly on gambling. Provincial governments became the sole legal providers and regulators of gambling. Charities could still fundraise through gambling if they had provincial licenses.

Armed with this new jurisdictional exclusivity, provincial governments added a diversity of gambling options to their lottery programs. In 1989, the first slot machines were introduced at Canada's first permanent casino in Manitoba. The first non-casino electronic gambling was offered a year later in New Brunswick through video lottery terminals (VLTs) in stores and bars. Today, permanent casinos and slot machines dot the map in all but three provinces (Prince Edward Island, New Brunswick, and Newfoundland) and video lottery play has been

introduced in all but two provinces (Ontario and British Columbia). The last 11 years have seen the development of 54 permanent casinos and the introduction of 59,000 electronic gambling machines in Canada.

Public Attitudes Toward Gambling

With the expansion of gambling, public attention has been drawn to gambling as a public policy issue. As governments have tried to approach the expansion of gambling in a consultative fashion, advocates have been given forums to have their concerns heard. As a result of this increased attention, many Canadians have expressed concern about the level and nature of gambling in Canada. Chief among the criticisms are the views that more gambling creates more problem gamblers, gambling lowers the quality of life in our communities, and gambling disrupts families. Some opponents also have religious objections to gambling, believing it to be immoral or unproductive. In some provinces, anti-gambling interest groups have created pressure for plebiscites and public consultation about gambling expansion (Azmier, 1998).

Despite the intensity of feeling expressed by some about gambling, it is seen as an acceptable activity by a majority of Canadians. A CWF national survey of Canadians found that 63% agreed that gambling is acceptable on the whole. Gambling is seen as reducing the overall tax burden, providing a source of entertainment, having important economic development benefits, and funding worthwhile causes. (For more detail on public attitudes toward gambling see Azmier, 2000.)

TABLE I:
Gambling Revenue

BC	$525 m	2.76%
Alberta	$855 m	4.78%
Sask.*	$221 m	4.76%
Manitoba	$225 m	5.29%
Ontario	$1.[illegible]	3.29%
Quebec	$1,388 m	3.41%
NB	$87 m	3.16%
NS	$167 m	5.34%
PEI	$12.5 m	2.69%
NFLD	$94 m	4.96%
TOTAL	$5,386 m	3.60%

Source: *Dominion Bond Rating Service and Provincial Gaming Authorities*
**Sask. data from 1998-99*

Gambling in Canada: Big Money

The growth in the availability and popularity of gambling has produced massive revenue growth for the provinces. Between 1992 and 1998, annual non-charity gambling revenues nearly tripled, growing from $2.7 billion in 1992 to $7.4 billion in 1998 (Marshall, 2000). While lottery revenue has remained a stable revenue source over this period, VLT and casino revenues have seen aggressive growth. Casino revenues, negligible only ten years ago, are now the largest gambling profit source in Canada with nearly $3 billion in revenue generated from casinos in 1998. Nearly 1% of the total increase in overall Canadian gross domestic product between the period 1992 and 1998 came from the increase in gambling industry activity (Marshall, 2000).

These numbers confirm gambling is big business. The current annual net (of expenses) revenue for each provincial government from gambling is presented in Table I. In every province gambling is a substantial revenue source; 3.6% of all provincial revenue raised by the provinces comes from lotteries, casinos and other forms of non-charitable gambling, ranging from a low of 2.69% in Prince Edward Island to a high of 5.34% in Nova Scotia. The $5.4 billion that provinces generated from gambling in 1999-2000 nearly matches the $5.8 billion they raised from alcohol and tobacco taxes combined. If the current upward trends continue, gambling will soon outpace these revenue sources.

Through provincial spending, gambling revenues contribute considerable benefits to communities. Gambling revenue frees up additional public revenue by allowing provinces to reduce deficits and pay down debts. Gambling revenue helps fund education programs and allows hospitals to buy equipment. Government-run gambling also helps fund the non-profit sector through various grant programs.

FIGURE 1:
Division of Revenue

Source: Provincial Gaming Authorities

Who Gets What: The Division of Gambling Revenue

While all operators of gambling in Canada have seen more profit from the growth of gambling, the increased gambling revenue has proportionally benefited government coffers. In 1969, before provincial governments entered into gambling, charities and exhibition associations shared 100% of all gambling profit in Canada. By 1998, this percentage had been reduced to 18% (including both gambling grant revenue and charitable gambling revenue, see Figure 1). Although the gambling pie has expanded, the charitable sector's overall share of that pie has decreased.

Charitable gambling can be a profitable endeavour for those that hold raffles and bingos, sell lottery tickets, hold casinos, and sell nevada/pull-tickets. In 1998, licensed charitable gambling from bingo, casinos and raffles alone generated $762.8 million for participating Canadian charities (see Table 2). In addition, as provincial governments have benefited from an increase in gambling revenue, they have also increased the amount of gambling revenue they direct to the non-profit sector through gambling grants. Gambling grants are granting programs specifically tied to the monies derived from government-run gambling. British Columbia, Saskatchewan, Alberta, and Ontario all operate programs to redirect the gambling revenues back to non-profits. In 1998, a total of $175 million was provided through grants to the various non-profits and charities in those provinces (Table 2). This total is expected to more than double to nearly $400 million in 2001.

TABLE 2:
Charitable Gambling Revenue, 1998

BC	$158.7 m	n/a
Alberta	$128.6 m	$123 m
Sask.	$42.1 m	$31 m
Manitoba	$16.3 m	n/a
Ontario*	$321.0 m	$21 m
Quebec	$52.4 m	n/a
NB	$12.8 m	n/a
NS	$18.6 m	n/a
PEI	$2.0 m	n/a
NFLD	$10.3 m	n/a
TOTAL	$762.8 m	175 M

Source: Provincial Gaming Authorities
**Ontario charity gambling revenue data from 1996-97*

Combining both gambling grants and charitable gambling revenue, nearly $1 billion dollars of charitable sector funding was generated from individuals who gamble. Given the magnitude of these values, gambling's role in funding the sector is significant. Using the last available estimate of the size of the total revenue in the charitable sector ($86 billion), gambling revenues represent about 1.2% of total revenue; this value is roughly on par with receipted corporate donations of $1 billion (Sharpe, 1994).

Advantages of Gambling as a Fundraising Method

Beyond the obvious advantage provided by adding a billion dollars of revenue into a historically cash-poor sector, charitable gambling revenues have several advantages as a funding source:

1. **Charitable gambling is an efficient revenue source for charities.** The majority of expenses for running charitable gambling events are borne by the partner owner/operator of the event. Charities may incur costs related to volunteer recruitment, but the overall cost to benefit ratio is favourable.

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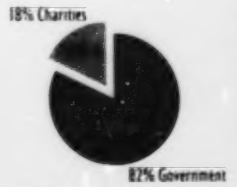

1998 Combined Gambling Profit: $5,243 million

Source: Provincial Gaming Authorities

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2. Charitable gambling revenue is relatively free from the strings attached to other revenue sources. Charitable gambling revenues can be spent on infrastructure, celebrations, tours, and can be used to help get matching funding. These are often the most difficult type of funds for a charity to find, and gambling provides a ready source of this income.

3. Because charitable gambling money can be used at the relative discretion of the charities that receive it, it has a positive effect on the autonomy of the charitable sector. Gambling revenues allow charities to pursue activities that might be difficult to get funding for otherwise (e.g., advocacy). The autonomy issue also distinguishes gambling grants from charitable gambling. Gambling grants may not have the same positive effect on the sector's autonomy because gambling grants tend to come with more restrictions on how the funds can be used. Also, because the boards that make gambling grant decisions are often appointed by government, charities may be reluctant to express views critical of government policy. In short, agencies may be less critical of government policy if outstanding grant applications are at stake.

What are the main advantages of charitable gambling:

"Fast money."

"Highest rate of return for the least amount of work."

4. There is strong public support for the use of gambling for charitable purposes. Public opinion survey results suggest that Canadians firmly believe charities should be the primary benefactor of the proceeds from gambling. When asked what percentage of gambling returns should be directed to the non-profit sector, the mean response in the above-mentioned survey was 57%—three times the current level (Azmier, 2000). This finding highlights the importance of the link between gambling and good causes. There is a nearly 100-year history of gambling for charitable purposes. Because of this, as governments carve off more of the gambling pie for themselves, they risk running counter to public preference.

What are the main disadvantages of charitable gambling:

"Ethical issues."

"Red tape."

"Hard to get volunteers to help."

Survey Respondents

Disadvantages of Gambling as a Fundraising Method

Although gambling is a lucrative source of revenue, there can be a number of negative consequences for those agencies that have come to rely on gambling as a fundraising method:

1. Some charities have been asked by their board, staff or clients to stop using gambling-related funds. In response to new research and increased understanding of gambling's negative effects, some charities have stopped using this method of fundraising. This decision may be based on any number of factors, including the regressivity of gambling as a means of taxation, the impact of problem gamblers on families and communities, and the reality that problem gamblers and their families can become clients of charitable agencies.

2. Non-profit sector growth and government expansion into gambling have increased the competition for limited gambling dollars. As gambling continues to bring in surging revenues, many organizations are looking to gambling as a cure for their financial concerns. These new actors increase the number of agencies applying for grants or licenses and potentially decrease the available revenue for each agency.

Competition for gambling revenue from outside the charitable sector is also an emerging threat. Non-charitable groups are lobbying for what they believe is their right to these lucrative profits. In recent months, First Nations, for-profit Internet companies, and the National Hockey League have each suggested they have the right to profit from gambling. The crowding out of charitable gambling by non-charitable enterprises has a real impact on the stability of the sector. In spite of assurances by governments that they will look after charitable interests, charities must accept that their long-term access to gambling revenue is not guaranteed.

3. Dependency on gambling revenues renders non-profits vulnerable to external changes. For many of the reasons outlined above, gambling is a tenuous source of income. Factors beyond the control of the charitable sector limit the utility of gambling revenues in the development of long-term plans. Public dissatisfaction, political change, and external competition each suggest that it would be imprudent for organizations to be too dependent on this revenue source.

"As long as gaming is legal, charities should receive the benefit; with the current controls on the private sector gaming establishments, government need not be further involved in running the games."

Survey Respondent

Is Gambling Expanding Too Fast?

The rapid expansion of gambling has occurred, in part, to help maintain consistent levels of charitable revenues. As provincial governments began experimenting with the introduction of new forms of government-run gambling (e.g., VLTs, casinos), charities feared that the immediate effect would be a reduction in their revenues. To offset this potential cannibalization, some charities successfully lobbied government to allow for a simultaneous expansion of charitable gambling opportunities (e.g., linked bingo, longer casino hours, new games) to accompany new government-run gambling. The result was an aggressive two-pronged expansion of gambling opportunities in Canada. (For more on the role of non-profits in the development of gambling policy see Campbell, 2000.)

This rapid expansion has awakened the concerns of a number of community organizations about the impact that expansion is having on communities and individuals. These sleeping giants are having a substantial influence on gambling policy debates. In one near miss for non-profits, citizen-driven plebiscites attempted to forced the removal of VLTs from Alberta. For non-profits, over a hundred million dollars in gambling grants were at stake in the outcome of the vote. Ultimately, Albertans voted to retain the machines, but by a narrow 55% to 45% margin (see Azmier, 1998). This outcome suggests that public tolerance for gambling has not evolved at the same pace as gambling expansion and, as a result, a catastrophic change in revenue for the charitable sector is an on-going threat.

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Survey Respondent

Is Gambling Expanding Too Fast?

The rapid expansion of gambling has occurred, in part, to help maintain consistent levels of charitable revenues. As provincial governments began experimenting with the introduction of new forms of government-run gambling (e.g., VLTs, casinos), charities feared that the immediate effect would be a reduction in their revenues. To offset this potential cannibalization, some charities successfully lobbied government to allow for a simultaneous expansion of charitable gambling opportunities (e.g., linked bingo, longer casino hours, new games) to accompany new government-run gambling. The result was an aggressive two-pronged expansion of gambling opportunities in Canada. (For more on the role of non-profits in the development of gambling policy see Campbell, 2000.)

This rapid expansion has awakened the concerns of a number of community organizations about the impact that expansion is having on communities and individuals. These sleeping giants are having a substantial influence on gambling policy debates. In one near miss for non-profits, citizen-driven plebiscites attempted to forced the removal of VLTs from Alberta. For non-profits, over a hundred million dollars in gambling grants were at stake in the outcome of the vote. Ultimately, Albertans voted to retain the machines, but by a narrow 55% to 45% margin (see Azmier, 1998). This outcome suggests that public tolerance for gambling has not evolved at the same pace as gambling expansion and, as a result, a catastrophic change in revenue for the charitable sector is an on-going threat.

4. Increased gambling revenues may lead to reductions in other sources of funding including individual donations. The nature of the relationship between individual donations and gambling revenues is unclear. As governments and charities publically tie gambling activities to the worthwhile causes funded through gambling proceeds, gambling may be seen as a substitute form of donation in the minds of some individuals. However, because only a small portion of gambling losses end up in the charity's pocket, a dollar lost through gambling is not equal to a dollar donated. Also, as overall gambling revenues increase across the country, a relative decrease in disposable income of the individual gamblers must occur. Therefore, the overall income pool from which to make charitable donations may be reduced for some individuals.

"[Charitable gambling] is a tax on the poorest sector of the population we serve."

Survey Respondent

5. With the expansion of charitable gambling, the focus of non-profit fundraising has shifted from broader community-based support to fundraising from gamblers, particularly problem gamblers. Gambling is one of the most regressive forms or taxation in Canada (Vaillancourt, 2000). The use of gambling to fund the charitable sector results in a greater proportion of the revenue coming from lower income Canadians. Therefore, wealthier Canadians share less of the burden for funding the good deeds and the recreation and cultural activities of the charitable sector. More damaging to the moral fabric of the charities that rely on gambling revenue is the mounting evidence that a significant portion of their revenue comes from problem gamblers. The reliance on those individuals unable to control their gambling levels involves an ethical trade-off that is troubling for many charities.

6. Governments use the non-profit sector to justify the expansion of gambling. Governments—in response to public criticism of their use of gambling money—have introduced and expanded charitable gambling (see "Is Gambling Expanding Too Fast" on page 7). As charities are increasingly positioned as a primary benefactor of gambling, they become a justification for its expansion.

The pages that follow use the opinions and words of those Executive Directors surveyed by the Canada West Foundation to highlight the strength of these charitable fundraising pros and cons.

Charitable Gambling Survey

The Canada West Foundation gathered survey data during the summer of 2000. A questionnaire designed to collect information about the use of, and attitudes toward gambling as a fundraising method was mailed to a non-stratified random sample of 4,000 registered charities operating in Canada as of May 8, 2000.[1] The sample was drawn from a master list of 77,142 registered charities available from the Canada Customs and Revenue Agency web site. This list provides almost 100% coverage of registered charities operating in Canada. The surveys were directed to the agencies' Executive Directors.

A total of 647 valid questionnaires were returned by the cut-off date of August 25, 2000. This yields a valid response rate of 16%. Although within the range of typical mail surveys, a response rate of 16% means that the results of the survey do not scientifically represent Canada's charitable sector as a whole. Nonetheless, the findings provide useful feedback from a diverse set of charitable organizations and are a first step toward a better understanding of the pros and cons of charitable gambling.

Characteristics of the Responding Charities

As Table 3 illustrates, the percentage of respondents from each province and territory roughly matches that of the charitable sector as a whole with the exception of moderate over-representation from Alberta and British Columbia and significant under-representation from Quebec. A low Quebec response rate to a mail survey originating outside of Quebec is not unusual, but it does mean that the experiences and views of Quebec charities are under-represented in the results.

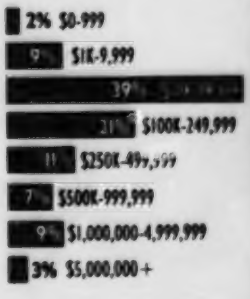
TABLE 3:
Distribution of Charities by Province

BC	16%	13%
Alberta	16%	11%
Sask.	7%	6%
Manitoba	6%	6%
Ontario	36%	35%
Quebec	7%	19%
NB	3%	3%
NS	5%	5%
PEI	1%	1%
NFLD	1%	1%
Territories	1%	0.4%

Source: Canadian Customs and Revenue Agency

Respondents were provided with a list of categories and asked to select the one that best reflects the work done by their organization. "Religious" organizations (including places of worship such as local churches, synagogues, and mosques) are the largest single group at 35% of the survey sample, followed by "social service" organizations at 17%, "cultural, artistic, and recreational" organizations at 16%, "health" at 10%, and "education and research" at 9%. About one in ten (13%) listed their organization as "other."

FIGURE 2:
Distribution of Charities by Annual Revenue, 1999 (n=556)



As Figure 2 shows, half of the charities included in the survey reported total revenue for 1999 (or the most recent fiscal year) under $100,000 with 21% reporting revenue in the $100,000 to $249,999 range, 11% reporting revenue between $250,000 and $499,999, and the remaining 19% reporting over $500,000 in revenue. The average revenue figure for the sample is $1,138,843. However, when two cases with revenues over $100 million are excluded, the average drops to $671,216.

Use of Gambling as a Fundraising Method

Just over one third of respondents (34%) reported that their organization participated in charitable gambling activities such as bingos, raffles, pull-tickets, or casinos at least once between 1995 and 1999. If religious

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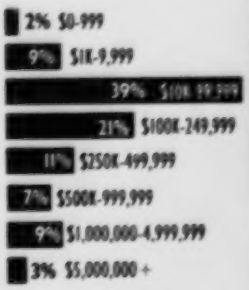

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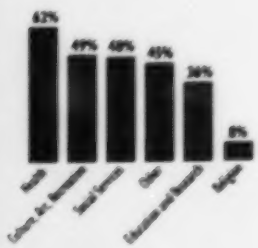
Use of Charitable Gambling Between 1995-1999 by Type of Agency (n=645)

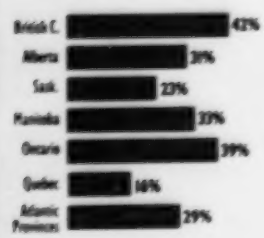


organizations (92% of which did not use charitable gambling between 1995 and 1999) are excluded, the usage rate rises to 48%. As Figure 3 indicates, health organizations are the most likely type to have used gambling to raise funds (62%) and religious organizations are the least likely (8%). This suggests that the function of an organization is a factor which affects its decision to engage in charitable gambling. Usage rates also vary from province to province, with British Columbia (42%) and Ontario (39%) at the upper end of the range and Saskatchewan (23%) and Quebec (16%) at the lower end (see Figure 4). As is the case with organizational type, the fact that usage rates vary across provinces suggests that different policy environments play a role in determining whether or not a charity uses gambling to raise funds.

The most popular type of charitable gambling is raffles/lotteries, followed by bingo (see Figure 5). Less than a fifth of those who engaged in charitable gambling used casino games to raise revenue in 1999– an understandable finding given that this form of gambling is not widely available. The use of casino games is highest in the province with the most charitable casinos (Alberta) and non-existent where there are none (e.g., Saskatchewan and Manitoba). When asked which forms of charitable gambling charities should be allowed to use, respondents (including those that engage in charitable gambling) were much more likely to be in favour of raffles and bingos than games available in a casino setting such as roulette, blackjack, slots, and video lottery terminals.

Charitable gambling revenue accounts for about 4% of the total revenue of those respondents who reported having raised gambling revenue in 1999. The average amount of money raised from charitable gambling in 1999 was $37,851. About 16% of respondents that used charitable gambling raised less that $1,000 and about 7% raised over $100,000 (see Figure 6). Organizations with relatively small annual revenues tend to raise small amounts of money from charitable gambling. While the dollar amounts may seem small, money raised through charitable gambling may be the difference between being able to send a marching band to a national competition or buying a van for an outreach program.

FIGURE 4:
Use of Charitable Gambling Between 1995-1999 by Province (n=636)



Just over one in ten respondents (11%) identified charitable gambling as the fundraising method that generated the most revenue for their organization (see Table 4). However, for those respondents who used gambling in 1999, this figure rises to 36%, with another 24% reporting that it was their second most significant source of revenue (combined, 60% of those who used charitable gambling in 1999 indicate that it was the most significant or second most significant source of revenue). For those that use this revenue source, it is clearly important to their bottom line.

Overall, health organizations are the most likely to identify charitable gambling at their largest revenue source (22%) followed by culture, art and recreation (19%), social services (16%), education and research (12%), other (5%), and religion (2%).

TABLE 4: Which Fundraising Method Generated the Most Revenue in 1999?

	Percentage that Said it Generated the Most Revenue		
Fundraising Method	[illegible]	[illegible]	[illegible]
Donations from Individuals	42%	19%	15%
Donations from Businesses	4%	6%	3%
Membership Fees	3%	3%	2%
Fees for Service	7%	10%	8%
Special Events	6%	7%	6%
Product Sales	4%	5%	5%
Charitable Gambling	11%	15%	36%
Government Grants/Contracts	17%	26%	17%
Foundation Grants	4%	6%	5%
Other	2%	2%	2%

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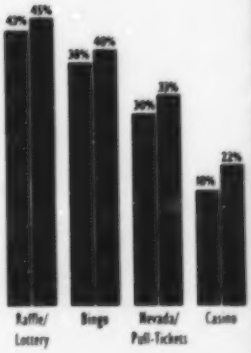


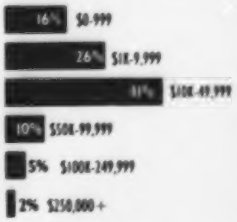
The survey also measured the number of agencies that have stopped using gambling as a fundraising source. Of those that have used gambling revenue since 1995, 9% have permanently stopped. Respondents indicated a number of reasons for this change including lack of volunteers or staff, changes in eligibility, and ethical concerns related to gambling.

Availability of Gambling Funds

Although gambling is seen as an important source of funding, it is not seen as a particularly stable source. Only 12% of respondents said that gambling is a "very stable" source of revenue. Overall, respondents were split with 42% suggesting gambling revenue is stable and 42% feeling it is unstable. This saw-off reflects some uneasiness within the sector about the dependability of gambling revenues.

Some of this unease may be caused by the fact that a number of non-charitable groups (including some for-profit groups such as the National Hockey League) are arguing that they deserve to receive gambling revenues. When asked if "NHL teams should receive a portion of gambling revenue from sports betting," 65% of respondents disagreed, 11% were neutral and only 13% of respondents agreed. In short, charities do not feel that for-profit enterprises like the NHL should participate in gambling revenue sharing.

FIGURE 6:
Revenue Raised From Charitable Gambling in 1999 (n=182)



There is also competition from large charities such as hospitals and universities looking to make up for cuts to their government funding. Universities and hospitals–themselves charitable organizations–present a unique element of competition for charities because of their size and clout. In recent years, hospitals and universities have used their size advantage to run super-lotteries where showhomes and large cash prizes are available to winners. This is a particularly difficult event for smaller local charities to compete against. Respondents were asked if "hospitals and universities should be allowed to use charitable gambling as a fundraising method." Respondents are split on this issue: 38% disagree and 39% agree (13% are neutral).

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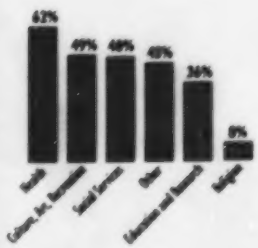

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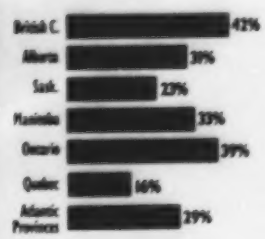

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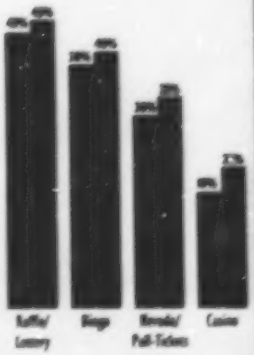

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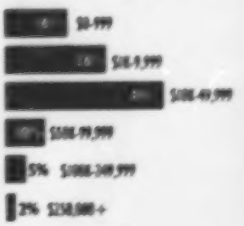

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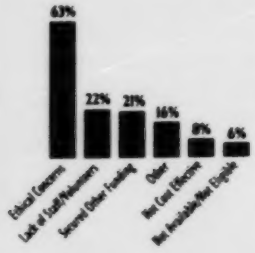
Another concern expressed by charities relates to the awarding of charitable gambling licenses. The survey addressed this issue in two ways. First, respondents were asked to consider whether "agencies that help people in need of basic necessities should be first in line to receive charitable gambling licenses." There is a fair degree

of support for this notion with 50% of the sample agreeing or strongly agreeing. Only 25% of the sample disagree. This finding suggests that charities are willing to see a system of preference established for the licensing of gambling opportunities, even if that means that their own agency suffers.

FIGURE 7:
Why Did Your Organization Not Use Charitable Gambling? (n=410)



A second question asked respondents if "charitable gambling licenses are awarded in a fair manner in (their) province." Almost half (48%) of respondents indicated that they "don't know" and only 13% indicated that the licenses are awarded unfairly. This result suggests a great deal of ambiguity about the nature of the system for awarding licenses.

Ethical Concerns

Ethical concerns are a fundamental issue for charities. As noted earlier, 66% of respondents did not report using charitable gambling between 1995 and 1999. When asked why their organization did not use charitable gambling as a fundraising method, over six in ten non-users (63%) said that "ethical concerns" were a factor (see Figure 7). This number drops to 34% for non-religious charities and rises to 90% for religious organizations.

Culture, art, and recreation charities were the least likely to cite ethical concerns as a reason for not engaging in charitable gambling (22%), with education and research, social service, and health agencies each falling into the 40-50% range. Citing ethical concerns as a reason for not using charitable gambling also varies by province. Of the non-religious non-users, Saskatchewan charities were the most likely to report ethical concerns (59%) and non-religious non-users in the Atlantic provinces the least likely (17%) (see Table 5).

TABLE 5: Ethical Concerns as a Reason for Not Using Gambling by Province

	Percentage of Non-Users Citing Ethical Concerns as a Reason		
Province			
British Columbia	67%	44%	87%
Alberta	64%	40%	94%
Saskatchewan	77%	59%	100%
Manitoba	52%	23%	90%
Ontario	69%	43%	91%
Quebec	31%	21%	60%
Atlantic Provinces	57%	17%	92%

All survey respondents were asked "if anyone in their organization has voiced ethical concerns about charitable gambling" and 62% said yes. When the sample is divided into those who used charitable gambling between 1995 and 1999 (users) and those who did not (non-users), we find that 49% of users report that someone in their organization has voiced ethical concerns compared to 69% for non-users. When we compare religious and non-religious organizations, a similar pattern is found; although more religious organizations report concerns (87%), almost half (49%) of non-religious charities report that individuals connected to their organizations have expressed ethical concerns.

In terms of who is concerned, the findings indicate that board members are the most likely group to have voiced ethical concerns (see Table 6). The fact that high percentages of staff, volunteers, and members have also expressed concerns points to the contentious nature of charitable gambling and indicates an awareness of the ethical trade-off of gambling fundraising among those who organize and operate these events.

TABLE 6: "Who in your org. has voiced ethical concerns about charitable gaming?"

	Respondents Reporting Someone in their Org. is Concerned			
Who Expressed Concern				
Staff	52%	66%	74%	52%
Volunteers	45%	55%	57%	48%
Board Members	77%	81%	81%	80%
Clients	13%	15%	16%	14%
Members	41%	69%	84%	39%
Funders	6%	20%	22%	11%

"Even though we use its money, I strongly disagree with charitable gaming. It creates too many problems."

Survey Respondent

To measure overall attitudes toward charitable gambling, respondents were asked if they agree or disagree that "charitable gaming is an ethical method of charitable fundraising." Over half (52%) of the respondents said they disagree or strongly disagree that charitable gambling is ethical, 24% said they are neutral, and only 20% said that they agree or strongly agree that charitable gambling is ethical. Once again, whether or not an organization reported using charitable gambling in the five years prior to the survey and whether or not they are a religious organization were key factors affecting how respondents answered this question. Non-users and religious organizations are both more likely to see charitable gambling as unethical (see Table 7). Nonetheless, significant numbers of the users and non-religious organizations also feel that charitable gambling is an unethical practice.

"Charities and governments should not be involved in an activity that causes hardship for people."

Survey Respondent

TABLE 7: "Charitable gaming is an ethical method of charitable fundraising."

	Percentage of Respondents by Type			
Opinion				
Strongly Disagree/Disagree	27%	67%	86%	36%
Neutral	38%	17%	7%	33%
Strongly Agree/Agree	34%	14%	6%	28%
Don't Know	2%	2%	1%	3%

Written comments provide some insight into the nature of the ethical concerns. The connection between gambling (charitable or otherwise) and social problems such as addiction, family breakdown, and crime was mentioned by most respondents. Raising money at the expense of problem gamblers was a common concern. As Table 8 illustrates, the number of respondents who agree that "charitable gambling increases the number of problem gamblers" far outweighs those who disagree. Many respondents go a step further and argue that gambling revenues often come from those least able to afford to lose money and, in turn, that charitable gambling is a "tax on the poor."

TABLE 8: "Charitable gaming increases the number of problem gamblers."

	Percentage of Respondents by Type			
Opinion				
Strongly Disagree/Disagree	22%	9%	6%	17%
Neutral	17%	8%	4%	15%
Strongly Agree/Agree	47%	72%	84%	52%
Don't Know	13%	11%	6%	15%

Further, other comments argue that there is an inherent hypocrisy in using a fundraising method that increases the number of people who turn to the charitable sector for help. This was also supported by reactions to the statement, "problem gamblers are likely to become clients of charitable organizations." For the sample as a whole, 57% agree or strongly agree and only 17% disagree with this statement (see Table 9). However, other written comments argue that, because gambling is going to take place even if charities are not involved, it is "better that the charitable sector receive the money than for it to go to government, for profits or criminals."

"Many people who come to our food bank/soup kitchen are there because they spend all their money gambling."

Survey Respondent

TABLE 9: "Problem gamblers are likely to become clients of charitable organizations."

	Percentage of Respondents by Type			
Opinion				
Strongly Disagree/Disagree	23%	14%	10%	21%
Neutral	12%	6%	5%	10%
Strongly Agree/Agree	49%	61%	70%	50%
Don't Know	16%	19%	14%	20%

"Charitable gaming diminishes the spirit of generosity and encourages addiction."

Survey Respondent

A large number of respondents note that the motivation behind charitable gambling is to win money, have fun, or "get something for nothing" and, as a result, it does not encourage giving for the sake of good causes. Although this helps raise funds in the short-term, some respondents argue it may erode society's philanthropic spirit and cause support for charitable causes to decrease over the long-term. Quantitative evidence of this sentiment is provided by the fact that about half (49%) strongly disagree or disagree with the statement "most people who participate in charitable gaming do so to support a good cause." The percentage drops only slightly for users (47%) and for non-religious organizations (45%).

Religious organizations tended to mention religious beliefs and principles as reasons to avoid gambling. These include admonishments against greed and the love of money, and the belief that one should earn money rather than get something for nothing. Religious dictums, however, were not the only reasons to avoid charitable gambling. Many religious organizations also note the negative side-effects of gambling such as addiction and families in need of social assistance because one of their members gambled everything away.

Dependency on Gambling Revenue

The discomfort many charities feel about their involvement in charitable gambling is further evinced by the fact that well over half (58%) of the respondents that used charitable gambling between 1995 and 1999 said they

would prefer to raise revenues without turning to charitable gambling, but are unable to make up the shortfall by other means. Only 22% of users agree or strongly agree that it would be relatively easy for their organization to implement an alternative method of fundraising to make up the difference in lost revenue if charitable gambling were no longer an option. These findings suggest that, for the majority of the respondents that use charitable gambling, it is something they depend on and that they cannot easily abandon without a drop in revenue.

When asked to outline the main advantages of using charitable gambling compared to other fundraising methods, a large number of users said they find it to be "quick and easy" and a method that provides a high return for relatively low effort. These comments are supported by the fact that three quarters of users agree or strongly agree that charitable gambling is "a cost-effective fundraising method" (12% disagree or strongly disagree and 11% are neutral). The two most common disadvantages (after addiction and social costs) mentioned by respondents are (1) the government "red tape" associated with applying for licenses and complying with regulations, and (2) the difficult task of finding volunteers willing to help out at bingos or casinos. Over half (54%) of those who have used charitable gambling disagree or strongly disagree with the statement: "It is relatively easy for my organization to attract and retain volunteers to help with charitable gaming compared to other volunteer tasks." At the same time, a quarter (26%) of the respondents agree or strongly agree with the statement.

"I am not fond of organized gaming.... That said, I prefer charitable gaming to for-profit, private gaming."

Survey Respondent

Despite the attractiveness of gambling as a revenue source, respondents still see it as less preferable to other methods of fundraising. The survey compared government funding to gambling funding and found a strong preference among respondents for government funding. Specifically, respondents were asked whether "governments in Canada should provide more core funding to charities to reduce the need for charitable gambling revenues." At 71%, there is significant agreement (42% strongly agree, 28% agree) that government revenue represents a "better" solution to funding needs of the charitable sector than does gambling revenue.

Attitudes Toward Different Types of Gambling

Different types of gambling elicit distinct levels of acceptance from survey respondents. When asked which types of gambling charities should use to raise funds, a continuum of acceptability emerges with raffles and bingos on the "most acceptable" end and slot machines and VLTs on the "least acceptable" end. As Table 10 shows, 62% of respondents feel that charities should be allowed to raise money through raffles, followed by bingo (57%) and pull-tickets (43%). These figures drop to 30% for casino table games and around 20% for slots and VLTs. Although support for the various forms of charitable gambling is higher among users and non-religious organizations, the relative acceptability of different games follows the same descending pattern for all groups with raffles at the top and slots and VLTs at the bottom. Written comments suggest that at least some charities view charitable gambling (bingo, raffles, pull-tickets) as a "softer form" of gambling with smaller prize amounts and less addictive games; they direct their concerns at large permanent casinos and electronic forms of gambling such as video lottery terminals.

TABLE 10: Relative Acceptability of Different Forms of Gambling

Type of Game	Percentage That Think Charities Should be Allowed to Use Game				
Raffles	62%	95%	44%	22%	83%
Bingo	57%	89%	40%	18%	77%
Pull-Tickets	43%	72%	27%	10%	61%
Casino Table Games	30%	53%	18%	5%	43%
Slot Machines	21%	38%	12%	2%	31%
VLTs	20%	36%	12%	2%	36%
All Forms	17%	30%	10%	1%	25%
None	35%	2%	52%	76%	13%

"Although I personally do not agree with gambling, it is a person's right to do so. People will spend money in this manner anyway. I feel that it is more justified if those monies are donated to charitable causes."

Survey Respondent

Government and Charitable Gambling

As the regulator of charitable gambling, the major competitor, and a substantial funder of charitable organizations, governments are intimately involved in both charitable gambling and in the affairs of the charitable sector. As discussed earlier, there is a policy trend toward increased government gambling. A number of respondents argue in their written comments that the rise of large permanent casinos and the introduction of VLTs has reduced the attractiveness of charitable gambling (especially pull-tickets and bingo) among players and has cut into charitable gambling revenues. In keeping with this, two-thirds of users agree or strongly agree that the expansion of government gambling reduces the amount of money that can be raised through charitable gambling (7% of users disagree or strongly disagree, 8% are neutral, and 16% do not know).

As discussed previously, in a number of provinces, governments have instituted "gaming grant" programs that maintain the historical link between charitable causes and gambling by returning a portion of the revenue the governments collect from gambling to the charitable sector in the form of grants. Not surprisingly, respondents believe that the majority of money raised through government gambling should be given to the charitable sector. The average percentage of government gambling profits that respondents think should be given to charities is 71%. However, when asked if charitable gambling should be replaced by government gambling grant programs, just over half (53%) of respondents who use gambling revenues said they disagree or strongly disagree, whereas 23% agree or strongly agree (12% are neutral and 12% do not know). It follows that, although there is some support for a government-based grant system, continued access to charitable gambling is the preferred option. It is important to note in interpreting this result that respondents were asked if they supported the replacement of charitable gambling with government gambling grants, rather than if they support a mixed system where both options are available.

Summary Findings

The results indicate that, for the majority of survey respondents, charitable gambling is not just another method of raising funds. For many charities, gambling evokes images of addiction and raises an array of ethical concerns. A large number of individuals working or volunteering for charitable organizations are uncomfortable with the practice of raising money through an activity that, for at least some participants, feeds their addiction and

contributes to social problems such as crime and family breakdown. This is simply not a concern when using fundraising methods such as door-to-door canvassing or applying for a philanthropic grant. As a result, charitable gambling is uniquely problematic.

Other reasons why charities avoid using charitable gambling or express concerns about its use include religious principles, and the argument that charitable gambling does not encourage giving to support a good cause and may, in turn, undermine support for charitable causes over the long-term.

Respondents to the survey can be divided into four groups of opinion around the gambling issue (see Table II):

1. those who respond to the problematic nature of charitable gambling by refusing to use it;
2. those who express significant discomfort about charitable gambling and would rather not employ it as a fundraising method but feel they or others have no other choice;
3. those who recognize the negative aspects of gambling but argue gambling will take place regardless of the charitable sector's involvement and, in turn, that it is better for the money to end up in the charitable sector where it can do some good rather than in the pockets of entrepreneurs or criminals; and
4. those who do not consider charitable gambling to be problematic and engage in it with a clear conscience.

"Our existence would be in jeopardy if bingo revenue was discontinued."

Survey Respondent

"We would not be able to help over 100 little children in this community if it were not for charitable gaming."

Survey Respondent

Based on the findings of this survey, it appears that the largest group are those who express discomfort with the use of gambling revenue; the smallest group are those who engage in gambling with a clear conscience. In an ideal world, the data suggest most charities would not turn to gambling to raise funds.

TABLE II: Charity's responses to charitable gambling

Response	%
Refuse to use gambling revenue	30%
Express discomfort with gambling revenue but see no other choice	40%
Express discomfort with gambling revenue but justify its use because of the good done with the proceeds.	15%
Use gambling revenue without concern	15%

NOTE: Size estimates are authors' interpretations of the survey data on usage of charitable gambling and attitudes toward charitable gambling as a fundraising method.

Given the level of apprehension about charitable gambling reported by survey participants, even if charitable gambling is completely replaced by government gambling grants, the charitable sector will remain concerned about gambling. Moreover, as more debates over the expansion of gambling and its negative consequences occur in Canada, the concerns of charitable organizations illustrated by the survey results are likely to come into play. How this will affect the charitable sector is unclear. Will the historical connection between charitable causes and gambling remain a means by which legalized gambling is justified? Will more charities refuse to use charitable gambling and accept grants drawn from government gambling revenues? If charitable gambling and government gambling grants become less popular or less available, how will the charitable sector fill the funding void? The results of this survey suggest that finding satisfactory answers to these questions will be difficult.

Recommendations

The following recommendations incorporate the findings of this study with the conclusions of a number of studies completed by Canada West Foundation on the charitable sector over the last five years (all studies are available on-line and may be downloaded from the CWF website at www.cwf.ca). The recommendations reflect the synthesis of the authors' experiences as directors of national studies on both the charitable sector and gambling. This unique background provides an ideal context within which to make the following recommendations to governments, funders, and charities:

"We believe gambling in any form creates more problems than it solves."

Survey Respondent

1. Maintain current levels of gambling funding to the non-profit sector.

A situation of dependency exists for many charities who have come to rely on gambling revenue. To the extent possible, this revenue source needs to be protected from a number of outside threats. The first threat eminates from gambling policies that do not match public opinion. This trend increases the likelihood that the citizen groups will successfully lobby for a reduction in gambling. One area of immediate concern is the proportional take from gambling that, at 18% for charities, is more than three times lower than the public preference. The more reflective that policy is of public attitudes, the more stability there is likely to be in funding sources. The second threat is more competition. Because of the limited gambling market, charitable revenues need to be protected from the dilution that will occur if any additional players are granted access to gambling revenue. This threat comes from all directions including government, large non-profits (e.g., hospitals and universities), for-profit groups (e.g., Internet gambling companies, professional sports leagues), and First Nations. Such protection is critical if alternative sources of charitable funding are not developed.

2. Remove the incentives to use charitable gambling and grants.

Currently, a inequity of fundraising opportunity exists between those agencies that use or do not use gambling to raise funds. This imbalance occurs because there is no alternative source of funding for those agencies that choose not to accept gambling revenue or cannot participate in gambling for some other reason. In the current system, ethical objectors are effectively punished for their beliefs. Many factors compound this problem. First, as increases in gambling revenue continue to be made available to charities by the provinces, only the third of charities that participate in gambling benefit. This acts as a further incentive to accept funds generated by gambling and can increase the dependency of those that do accept the funds. Second, decreases in non-gambling revenue sources (like donations) make lucrative gambling revenues more attractive to all agencies and increases the dependency on fewer forms of fundraising. Third, the dependency on gambling funds can limit the important advocacy role that charities play in shaping our communities. The acceptance of gambling monies makes it more difficult for agencies to be critical of government policy and nearly impossible to be critical of gambling policy without appearing hypocritical. Yet, in many cases these agencies are the ones dealing with the front line impact of gambling, and their experiences could better shape gambling policy. The dependence on gambling revenue will work to silence this voice.

What is needed to remove this incentive is the development of funding sources within government and among the philanthropic granting foundations that are available to ethical objectors to counterbalance the advantage of using gambling funds. To date, we are aware of no funding source that provides preference to non-gambling agencies, but it is recommended that foundations consider providing such relief to those agencies that are unable or unwilling to use gambling revenue.

3. Increase non-gambling grants for infrastructure.

Gambling revenue can be used for a wide variety of purposes including infrastructure spending. This is extremely valuable revenue to a charity and difficult to replace, increasing dependency on it as a funding source. It is recommended that governments and granting agencies provide more infrastructure grants and revenues that duplicate the spending advantages of gambling revenue but are free from the problems of regressive taxation and problem gambling addiction.

"People are more likely to give if there is a chance they will win something."

Survey Respondent

4. Use gambling funding to promote diversification of funding sources within the charitable sector.

Gambling grants and charitable gambling revenues should be used to encourage diversification of fundraising sources within the sector. Given the changing nature of gambling policy in Canada, it is prudent for charities not to rely upon gambling revenue for their long-term survival. Competition and expansion suggest that this fundraising source is not assured. It follows that a diversity of fundraising competencies would help charities respond to changes. It is recommended that governments modify their granting guidelines and spending restrictions to encourage funding diversification.

5. Increase collaboration and communication between charities and governments on issues of licensing and policy.

Because gambling markets are interrelated, gambling policy changes can have a positive or negative impact on related gambling activity. For example, a change in the location of government slot machines will ultimately have an impact upon bingo revenues. As a result, the gambling policy making process should involve charity stakeholders from the outset whenever possible. The charitable sector's fears may be eased if charities are a part of this process. This recommendation extends not only to matters of licensing and revenue distribution, but also to decisions about First Nations gambling, Internet gambling, and new sports lotteries, as charity revenue will be impacted by any of these changes.

6. Research the effects of gambling on charities.

While this study has concluded that gambling has far reaching effects on the non-profit sector, the nature of the effects is not well understood. It is our recommendation that a number of potential relationships between gambling and charities be addressed. First, the impact that higher gambling rates have on individual donations needs to be better understood. For, example, as more disposable income is tied-up in gambling losses, is less

money being directed toward charity through donations? At least one study has suggested that the public perceives some gambling losses as donations to charities (Azmier, 2000).

Second, the impact of the publication and promotion of the names of gambling grant recipients is not well understood. For example, if an agency receives a large well-publicized grant from a provincial gambling grant agency, will that affect their ability to raise funds among the public because they appear less needy, or among anti-gambling advocates because it is gambling money?

"Gambling does more harm to gamblers than the good it does funding charitable organizations."

Survey Respondent

Third, the impact of charitable gambling on volunteerism needs research consideration. As charitable gambling increases in popularity, more volunteers are required to participate in activities that do not promote skill development. For example, students who volunteer their time to gain work experiences may end up helping at bingos. As a result, there is a potential disincentive for individuals to volunteer in organizations where their time will be less personally rewarding. Does this threat make it more difficult to attract and retain volunteers for those organizations that participate in charitable gambling?

Finally, it is recommended that research examine the good works that gambling revenues help fund by tracking and reporting the use of gambling profit. This information will help determine the impact that gambling policy changes will have on the programs of the charitable sector. For example, an important question facing many provinces is whether the shift from charitable gambling revenue to grant revenue enables charities to do more or less good. Also, does this shift impact the autonomy of the organization or its advocacy roles? Knowing the answers to these and other questions can lead to the development of more effective charitable gambling policy.

SOURCES

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